

AGREEMENT NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

California Department of Health Services also referred to as DHS

CONTRACTOR'S NAME

2. The term of this Agreement is: through

3. The maximum amount \$ of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work X pages
Exhibit A, Attachment I – Work Plan X pages

Exhibit B – Budget Detail and Payment Provisions X pages
Exhibit B, Attachment I – Budget (Year 1) X page
Exhibit B, Attachment II – Budget (Year 2) X page
Exhibit B, Attachment II, Schedule 1 – Subcontractor Budget (Year 2) X page
Exhibit B, Attachment III – Budget (Year 3) X page

Exhibit C * – General Terms and Conditions GXX X01 dated X/XX/01
Exhibit D(X) – Special Terms and Conditions (Attached hereto as part of this agreement) XX pages
Exhibit E – Additional Provisions X pages
Exhibit F – Contractor's Release X pages
Exhibit G – Travel Reimbursement Information X pages

See Exhibit E, Provision 1 for additional incorporated exhibits.

Items shown above with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at <http://www.ols.dgs.ca.gov/Standard+Language/default.htm>.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)



DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME

California Department of Health Services or DHS

BY (Authorized Signature)



DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Edward Stahlberg, Chief, Program Support Branch

ADDRESS

1800 3rd. Street, Rm. 455, P.O. Box 942732, Sacramento, CA 94234-7320

California Department of General
Services Use Only

☐ Exempt per:

Exhibit A

Scope of Work

Contractor agrees to perform for the Department of Health Services (DHS) the following Medi-Cal Other Health Coverage Identification and Recovery (OHCIR) project tasks and responsibilities, which are related to:

- The identification of previously unknown other health coverage, (as defined in the Glossary), and the recovery of reimbursable Medi-Cal fee-for-service (FFS) expenditures that must be carried out by the Contractor.
- Pursuing the collection of outstanding recovery claims through electronic billing of pharmaceutical claims processors as identified by DHS, and the recovery of the cost of emergency care provided to Medi-Cal beneficiaries covered by either a health maintenance organization (HMO) or prepaid health plan (PHP).
- The identification and recovery of Medi-Cal expenditures when previously unknown Medicare coverage has been identified. The Contractor shall coordinate timely filing and appeal issues with the Centers for Medicare and Medicaid Services to ensure recovery of Medicare claims. The Contractor shall coordinate recovery efforts with identified Medicare providers and the Medicare fiscal intermediary. The contractor shall also identify and recover inappropriately adjudicated Medi-Cal/Medicare crossover claims.
- The post payment recovery of Medi-Cal claims previously identified and billed to other health coverage (OHC) carriers by Medi-Cal.
- The Contractor shall guarantee their compliance with the Health Insurance Portability and Accountability Act (HIPAA), concurrent with State DHS compliance.

A. Scope of Work – Contractor General Provisions

1. The Contractor shall be responsible for the identification, via data match or any other DHS approved method, of OHC held by Medi-Cal beneficiaries, including beneficiaries enrolled in Medi-Cal managed care plans, which were previously unknown to DHS. The verification and identification of such coverage must be reported on a monthly ongoing basis. (See Appendix 2 for the complete record layout.) The Contractor shall ensure a 95 percent accuracy rate for reported coverage.

The identification of OHC belonging to Medi-Cal beneficiaries enrolled in managed care plans must be reported to DHS; however, the Contractor may only perform recovery activities for FFS claims under the scope of this contract.

The Contractor shall, however, exclude identification and recovery from the following third party liability data resources/entities, unless it receives specific written authority from DHS to the contrary.

- a. Medicare Managed Care
 - b. Medi-Cal Managed Care (see above)
 - c. Workers' Compensation
 - d. Casualty/Personal injury
 - e. Accident benefits
 - f. Automobile, burial, and life insurance
 - g. Disability benefits
 - h. Veteran's Administration (VA) benefits
2. The Contractor shall submit verified HIPAA compliant (as defined in the Glossary – Exhibit H) other health coverage data to DHS via electronic submission, in accordance with the requirements of Section B, COVERAGE REPORTING REQUIREMENTS, #1 p.5.
3. The Contractor shall be responsible for HIPAA compliant electronic billing and collection of outstanding Medi-Cal recovery claims previously submitted by DHS to pharmaceutical claims processors, and/or other claims identified by DHS.
4. The Contractor shall be responsible for the follow-up and recovery activities associated with DHS' automated final re-bill, generated by DHS' fiscal intermediary, for claims paid by Medi-Cal, when DHS has discovered that the Medi-Cal recipient has OHC.
5. The Contractor shall be responsible for billing DHS selected HMOs and PHPs for covered emergency services in order to recover payments made by Medi-Cal.
6. The Contractor shall be responsible for accessing and utilizing departmental data for identification, verification, reporting, and recovery activities. Such data includes, but is not limited to:
 - a. Paid claims history
 - b. Health coverage Carrier Master File
 - c. Third party liability accounts receivable file
 - d. Medi-Cal Monthly Eligibility File
 - e. Health Insurance System database
7. With respect to OHC identified by the Contractor, the Contractor shall be responsible for:
 - a. Verifying such coverage prior to submitting HIPAA compliant claims to the liable third parties. Verification shall be defined as an exact match between DHS' files and the other health coverage carrier's files, and must match beneficiary SSN or last name, date of birth, and gender.

At its discretion, DHS may instruct the Contractor to include or exclude the reporting of selected coverage information.
 - b. Generating HIPAA compliant claims to the liable third parties for all Medi-Cal claims paid by DHS through the end of the month in which the Contractor reports coverage to DHS. (For example, if the Contractor reports coverage on October 15, the

Contractor may bill the liable third party for claims with Medi-Cal payment dates through October 31, or earlier); and

8. Compensation to the Contractor shall be based on the monies recovered from such billings. The Contractor shall not be compensated for any recoveries collected on behalf of a beneficiary for whom the Contractor fails to report the existence of other health coverage to the State.
9. The Contractor shall be compensated for collections received up to 180 calendar days after the date of the contract's termination or expiration. The Contractor shall not be compensated for recoveries received after 180 calendar days past the date of the contract's termination or expiration. The Contractor shall not initiate any new identification activities after the date of the contract's termination or expiration.
10. The Contractor shall notify, in writing, liable third parties of the State's collection rights and the Contractor's role as an agent of the State. The Contractor shall notify, in writing, liable third parties to direct all inquiries regarding Contractor billings to the Contractor and not to DHS.
11. The Contractor shall assemble HIPAA compliant Medi-Cal claims payment information on each identified Medi-Cal beneficiary. Payment data from DHS' fiscal intermediary will be provided at no cost to the Contractor. The Contractor shall be responsible for the replacement costs of data lost or destroyed due to Contractor negligence. If direct access is desired, Contractor shall bear all costs associated with the computer linkage, contingent upon availability and Departmental approval. DHS shall be held harmless for any failure of the intermediary to perform as described in this paragraph.
12. The Contractor shall guarantee that all billings, reports, and/or communications to liable third parties and DHS are based on complete and accurate itemizations of Medi-Cal payments and are consistent with accepted industry billing standards and are HIPAA compliant.
13. The Contractor shall instruct payers to accompany payment with the recipient name, social security number, health insurance policy carrier name, health insurance policy number, date(s) of service(s), and either DHS' Accounts Receivable number, Contractor's Accounts Receivable number, or any other tracking/identifying number.
14. The Contractor shall instruct payers to submit payments directly to:

Department of Health Services
Third Party Liability Branch
Medi-Cal OHCIR Project, Contractor Collections
PO Box 225
Sacramento, CA 95812-0225
15. The Contractor shall forward, in full, to DHS, within five (5) calendar days of receipt, any collections received by the Contractor in error.
16. The Contractor shall maintain accounting records in accordance with generally accepted accounting principles and ensure the prompt availability of all records. The Contractor shall permit an audit of those records by designated Department, State, or

federal staff, pursuant to Confidentiality of Beneficiary Information, during the course of normal business hours (i.e., Monday through Friday, 8:00 a.m. to 5:00 p.m. contractor's local time). These records shall include the history of billing, recovery, and release of debt.

17. The Contractor agrees that if an audit identifies errors in legal interpretation, policy, mathematics, misuse of delegated authority, or any omission, the Contractor shall hold DHS harmless from the loss and shall take immediate corrective action upon discovery of the error. The error must be corrected to the satisfaction of DHS within 30 calendar days of written notification of the error from DHS.
18. The Contractor shall maintain an automated billing and accounting system, accounts receivable file, and:
 - a. Provide status reports on a monthly and quarterly basis (or upon request of DHS) in a format acceptable to the State (e.g., current month rolling into fiscal year-to-date).
 - b. Maintain all related records so that auditors can trace all billing, recovery, and adjustment transactions from beginning to end.
 - c. Provide complete documentation for all adjustments, including refund recommendations for any overpayment discovered by the Contractor.
19. The Contractor shall maintain all records, data, and materials relating to the program in an organized manner for the duration of the contract. At the end of the contract, copies of all records, data, and materials deemed necessary by DHS, shall be turned over to DHS within 30 calendar days. DHS may require that the Contractor surrender copies of records, data, and materials anytime prior to the expiration or termination of the contract with a 30-calendar day prior written notice.
20. In the event that the third party payer refuses to reimburse DHS the reasonable value of Medi-Cal paid services after Contractor follow-up, the Contractor shall notify DHS with the identity of the third party payer. The Contractor may, subject to the following limitations, initiate a legal action or appeal in State or federal court to enforce DHS' right to collect the value of the services rendered from such third party payer. The Contractor shall not initiate any action or appeal in any State or federal court of law without the prior written approval of DHS. Requests for permission to file such actions or appeals shall be made in writing to:

Branch Chief
Third Party Liability Branch
Department of Health Services
PO Box 1287
Sacramento, CA 95812-1287

The Third Party Liability Branch will, in turn, transmit the request to the Office of the Attorney General for approval or disapproval. Should the Attorney General disapprove such request and elect to pursue the action or appeal directly, any recovery subsequently obtained as a result of the action or appeal will be subject to 50 percent

of the Contractor's full cost recovery rate as specified in Terms and Conditions of this RFP.

21. The Contractor shall designate a project manager who will serve as DHS' contact person for day-to-day management of the contract.
22. The Contractor shall be responsible for developing and producing any forms necessary to perform all work-related functions. DHS must approve all such forms prior to use.
23. The Contractor shall provide and bear all cost associated with providing stamped/self-addressed envelopes with all inquiry mailings directed to Medi-Cal beneficiaries.
24. The Contractor shall provide a toll-free telephone line(s) and adequate staffing to respond to inquiries directly related to the activities of this contract during the course of normal business hours (i.e., Monday through Friday, 8:00 a.m. to 5:00 p.m. Pacific Time).
25. The Contractor shall maintain open communication with DHS as necessary, but no less frequently than monthly, regarding the progress and/or concerns of the project activities throughout the course of the contract.

B. Coverage Reporting Requirements

In accordance with the requirements specified above:

1. The data match program developed by the Contractor shall create a HIPAA compliant record, as required by federal law, for each insured Medi-Cal beneficiary who is identified. The record shall contain a DHS-assigned carrier code as found in the Carrier Master File (CMF). The Contractor shall request DHS to assign new carrier codes as needed.
2. The Contractor shall process Monthly Medi-Cal Eligibility Data System (MMEDS) Health Information Segment (HIS) database files within four weeks of receipt from the State. The Contractor shall arrange to receive these files on a regular basis from DHS' Information Technology Systems Division (ITSD).
3. The file of records identifying Medi-Cal beneficiaries who currently have other health coverage identified by the Contractor shall be in the following format:
 - a. IBM 3490 tape cartridge compressed
 - b. Fixed block record format
 - c. IBM Standard label
 - d. 360 byte record length; and
 - e. 32,760 block size.

See Appendix 2 for complete record layout.

4. The Contractor shall complete a test match, within 60 days of receipt of each of the DHS' MMEDS tapes, with the other health coverage information contained on the Contractor's files.

5. The Contractor shall, after completion of the test file match, package the test file match in a format acceptable to ITSD along with a cover memo describing the match's characteristics as described in paragraph 3) above. The tape must be returned in such a manner as to maintain confidentiality and ensure safe delivery by certified mail, registered mail, traceable courier service, or by hand delivery to:

Department of Health Services
Information Technology System Division
Attention: Division Chief
744 P Street, Room 1050
Sacramento, CA 95814

6. The Contractor shall obtain HIPAA compliant health coverage information from insurance carriers, plans, employers, or other sources of information. The Contractor shall maintain this information in such a way as to be matched with DHS' Medi-Cal Monthly Eligibility File.
7. In all cases where the Contractor identifies coverage held by a Medi-Cal beneficiary, the Contractor shall verify the accuracy of the coverage data with the carrier before forwarding to DHS. The Contractor shall ensure a 95 percent accuracy rate for reported coverage. DHS will confirm that the coverage reported meets the accuracy rate requirement prior to accepting the data. If the reported coverage does not meet the accuracy rate requirement, DHS will return the data to the Contractor for correction and resubmission.

C. Administration Requirements

1. The services shall be performed at the Contractor's place of business.
2. Project representatives during the term of this agreement:

The State intends to implement this contract through a single administrator, hereafter called the "Contracting Officer." The Director of DHS shall appoint the Contracting Officer. The Contracting Officer, on behalf of the Director, shall make all determinations and take all appropriate actions under this contract, subject to the limitations of applicable federal and State laws and regulations. The Contracting Officer may delegate their authority to act as an authorized representative through prior written notice to the Contractor. The name of the Contracting Officer and/or their authorized representative shall be provided to the Contractor upon the Director's approval, prior to the effective date of the contract. Contracting Officer may be contacted at:

Branch Chief
Third Party Liability Branch
Department of Health Services
PO Box 1287
Sacramento, CA 95812-1287

The Contractor shall designate a single administrator; hereafter called the "Contractor's Representative." The Contractor's Representative, on behalf of the Contractor, shall make

all determinations and take all appropriate actions to implement the contract, subject to the limitations of the contract, and in compliance with federal and State laws and regulations. The Contractor's Representative may delegate their authority to act as an authorized representative through prior written notice to the Contracting Officer. The Contractor's Representative or their designee shall be empowered to legally bind the Contractor to all agreements reached with the State.

The Contractor's Representative must be designated, in writing, by the Contractor prior to the effective date of the contract and approved by the State. Such designation shall be submitted to the Contracting Officer in accordance with the requirements of the Authority of State shown below. During the course of the contract the State reserves the right to approve, with 30 days' advance written notice, any replacement of the Contractor's Representative.

Authority of State: The State has sole authority to establish or interpret policy; and its applications to the above areas reside with the State. The Contractor may not make any limitations, exclusions, or changes in Scope of Work, any changes in definition or interpretation of terms, or any changes in the administration of the contract related to the scope of work, without the express, prior written direction or approval of the Contracting Officer.

D. Take-Over Plan/Start-Up Requirements

1. Describe an initial overall plan and/or approach for coordinating the take-over of existing activities from the current contractor. Address any foreseeable transition complications and potential methods for dealing with or resolving transition complications to minimize the disruption of existing services. The successful Proposer must submit a finalized take-over plan to the State for approval within thirty (30) days after the contract start date.
2. The Contractor is required to start operations in an orderly manner. To accomplish an orderly transition, the Proposer shall include, in the technical proposal, a plan that will demonstrate readiness to implement operations. The plan shall describe how the Proposer intends to:
 - a. Develop, test, and implement, subject to Departmental approval, the necessary automated systems to support electronic data matches, data collection, transmission of cost avoidance data, and the billing claims management and accounting functions within six (6) months after the contract effective date.
 - b. Develop and implement, subject to Departmental approval, policies, procedures, forms and manuals related to the identification of other health coverage and the recovery of Medi-Cal monies within six (6) months after the contract effective date.
 - c. Verify identified coverage prior to reporting the coverage to DHS or submitting claims to the liable third parties.
 - d. Appoint a Contractor Representative with full authority to contractually bind, obligate and/or secure on behalf of the Contractor prior to the contract effective date.

- e. Provide proof of insurance within five (5) calendar days after the contract effective date which names the State of California as an additional insured and holds the State harmless for any negligence arising out of this contract except for the sole negligence of the State.
- f. Provide proof of bonding coverage by the contract effective date.
- g. Provide a Conflict of Interest Disclosure Statement by the contract effective date.
- h. Provide a Guaranty Provisions Statement by the contract effective date.
- i. Provide innovative concepts created within the organization, which will ensure aggressive pursuit of other health coverage identification and the recovery of Medi-Cal monies.
- j. Employ quality management measures throughout the Start-Up Phase (as well as for the life of the contract). These quality management measures shall include, but not be limited to:
 - 1) A Contractor management and supervisory review of activities to ensure that responsibilities are performed accurately, timely and in accordance with the terms of the contract.
 - 2) Contractor assurance that complete and accurate deliverables are provided to the State in accordance with contractual schedules.
 - 3) Contractor monitoring of milestones to ensure that all activities are completed in accordance with contract provisions.
 - 4) Identification of situations, occurrences, and deficiencies where contractual schedules and accuracy standards are not met by the Contractor; reporting those problems, deficiencies, and proposed solutions to the State on a weekly basis; and monitoring correction of the problems and deficiencies in accordance with directions and time frames provided by the State.
 - 5) Contractor monitoring and reporting of actual collections in comparison to State budget estimates.

E. Turn-Over Requirements

The objective of the Turnover period is to ensure that the orderly transfer of necessary data is made from the Contractor to the State or the succeeding Contractor upon termination or expiration of this contract. This orderly transfer of required data ensures the continuity of recovery of Medi-Cal expenditures, for Medi-Cal beneficiaries with other health coverage entitlements.

1. The Contractor shall be flexible to changing requirements. In the event the State exercises its option to extend the contract, all Turnover activities shall be delayed a commensurate period of time.
2. Upon termination or expiration of the contract, the Contractor shall:
 - a. Be reimbursed for a period of 180 calendar days for collections of claims billed prior to contract termination or expiration.
 - b. The Contractor, through the 180-day period following the termination or expiration of the contract, shall retain all remaining records not previously requested by DHS. At the end of the 180-day period, remaining records shall be forwarded to DHS within 60 calendar days.
 - c. The Contractor shall perform this physical transfer in an orderly, timely, and efficient manner. The State shall retain the authority to designate the manner and method by which the data and materials shall be transferred. Should the State determine that other data is required for Turnover, the State will notify the Contractor in writing.
 - d. The Contractor shall develop a report describing, at the lowest level of detail understandable to the layperson, the data to be transferred to the State. This report shall be submitted to the Contracting Officer within five (5) State workdays prior to termination or expiration of the contract.
 - e. All data and information provided by the Contractor shall be accompanied by a letter, signed by the responsible authority, certifying the accuracy and completeness of the data. The Contractor shall deliver turnover material within five (5) State workdays after written notification by the State.

EXHIBIT B

PAYMENT PROVISIONS AND BUDGET DETAIL

1. PAYMENT PROVISIONS

The purpose of this chapter is to define the basis for payment for administration of services required by this RFP. The payment shall be made under the conditions described in this chapter. Included under the conditions described in this chapter are certain conditions precedent to Contractor payment, which require receipt of specific goods or services before release of payment, and Contractor Bonus for additional health coverage identification.

2. COST RECOVERY RATE

The cost recovery rate, as defined in this RFP, represents the fixed percentage bid by the Contractor to identify health coverage, and to recover Medi-Cal expenditures, on behalf of the State.

3. STATE'S ANTICIPATED RECOVERIES

The State projects yearly-anticipated recoveries for the Medi-Cal OHCIR project on the Contractor's previous fiscal year or anticipated collections. Anticipated recoveries are subject to change each fiscal year based on the performance of the Contractor activities or expectation of changed activities. Currently, the State anticipates project recoveries (excluding pharmacy, emergency services, and post payment recovery, which were not part of the current contract) to reach approximately \$16,000,000 for the fiscal year 2003-04.

4. CONDITIONS PRECEDENT TO PAYMENT

The Contractor shall comply with the requirements of the various terms and conditions, Exhibit A (Scope of Work), and Exhibit B (Payment Provisions). Payments to the Contractor will be made monthly and calculated using the Contractor's base cost recovery amount. When submitting invoices to the State, the Contractor shall specify the amount due and certify that the applicable requirements have been fulfilled or performance has been achieved. If performance was not achieved, it shall be so indicated, and a plan to achieve performance shall be included.

In the event the Contractor fails to meet the requirements of the various terms and conditions and Exhibit A (Scope of Work), and Exhibit B (Payment Provisions), payment will not be made by the State until such time as the requirements are met. Delay of payments will occur, unless, at the Contracting Officer's sole discretion, if it is determined that the Contractor is in substantial compliance within specific contractual requirements.

A. Invoices

The Contractor shall submit to the Contracting Officer invoices and supporting documentation for Medi-Cal OHCIR project recoveries. All invoices shall be submitted monthly after completion of the required work. The monthly invoices shall be submitted in arrears; by the 21st calendar day of the month following the month recovery was

completed (e.g., if work was completed in September, the monthly invoice will be submitted by October 21st). This invoicing method will allow the Department of Health Services (DHS) time to verify that DHS has received all health coverage carrier payments prior to authorizing Contractor payment. If payment conditions have been met, DHS will forward authorization for payment to the State Controller's Office. The Contractor shall mail invoices to:

Department of Health Services
Third Party Liability Branch
Contractor Collections, OHCIR project
PO Box 225
Sacramento, CA 95812-0225

The invoices shall include the following information:

1. Contract number.
2. Period of performance.
3. Carrier's check number and date.
4. State-assigned cash receipt/cash identification numbers (CID).
5. Amount recovered.

B. Invoice Supporting Documentation

Invoices must include a certification signed by the Contractor's representative, or the authorized agent, stating that performance requirements have been met. The Contractor's certification shall be submitted to the State with the invoice. Approval of the respective invoices is contingent, in part, upon the receipt of the aforementioned certifications.

EXHIBIT C

**View or download at this Internet site:
www.dgs.ca.gov/contracts**